

**CHAPTER NO. 500**

**SENATE BILL NO. 2312**

**By Kyle, Burks, Kilby**

**Substituted for: House Bill No. 2327**

**By McMillan, Hood, Mike Turner, Cobb, Hackworth, Ferguson, Pinion, Shepard, Moore, Todd, Bunch, Maggart, Langster, Sargent, Dunn, Baird, Swafford, Hargrove, Coleman, Gresham, Eldridge, West, Casada, Montgomery, McDonald, Bone, Hensley, Phillip Johnson, Pleasant, Lynn, Davidson, Fraley, Harwell, DuBois, Towns, Hawk, Marrero, Winningham, Litz, Sontany, Odom, Rowland, Campfield, Fowlkes, Shaw, Fitzhugh, Hargett, Sharp, Roach, McKee, Maddox, Watson, Davis, Godsey, Hill, Ulysses Jones, Miller, Matheny, Favors, McCormick, Strader, Clem, Cochran, Mumpower, Harry Brooks, Curtis Johnson**

AN ACT to amend Tennessee Code Annotated, Title 57; Title 67, Title 68, and Title 4 relative to taxation and the funding of state and local government.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 57-3-306(b)(3), is amended by deleting the language "nine percent (9%)" and substituting instead the language "four and one-half percent (4.5%)".

SECTION 2. Tennessee Code Annotated, Section 57-4-306, is amended by deleting the language "nine percent (9%)" from each place that it appears in subdivision 4 and subdivision 5 and by substituting instead the language "four and one-half percent (4.5%)".

SECTION 3. Tennessee Code Annotated, Section 57-5-205, is amended by deleting the language "nine percent (9%)" from each place that it appears in subdivision 3 and subdivision 4 and by substituting instead the language "four and one-half percent (4.5%)".

SECTION 4. Tennessee Code Annotated, Section 67-2-119(e), is amended by deleting the language "one-third (1/3)" and by substituting instead the language "one-sixth (1/6)".

SECTION 5. Tennessee Code Annotated, Section 67-4-2017(a)(1)(G), is amended by deleting the language "nine percent (9%)" from each place that it appears and by substituting instead the language "four and one-half percent (4.5%)".

SECTION 6. Tennessee Code Annotated, Section 67-6-103(a)(1), is amended by deleting the language "Twenty-nine and thirty-seven hundred nine ten-thousandths percent (29.3709%)" and by substituting instead the language "Twenty-nine and nineteen hundred seventy-seven ten-thousandths percent (29.1977%)".

SECTION 7. Tennessee Code Annotated, Section 67-6-103(a)(3)(A), is amended by deleting the language "Four and twenty-four hundred sixty-two ten-thousandths percent (4.2462%)" and by substituting instead the language "Four and forty-one hundred ninety-four ten-thousandths percent (4.4194%)".

SECTION 8. Tennessee Code Annotated, Section 67-7-110(b), is amended by deleting the language "eleven and seventy-three hundredth percent (11.73%)" and by substituting instead the language "seven and three-hundred sixty five thousandths percent (7.365%)".

SECTION 9. Tennessee Code Annotated, Section 67-6-221(c), is amended by deleting the language "nine percent (9%)" and substituting instead the language "four and one-half percent (4.5%)".

SECTION 10. Tennessee Code Annotated, Section 4-3-1016(a), is amended by deleting the language "June 30, 2005" from each place that it appears and substituting instead the language "June 30, 2006 and subsequent fiscal years".

SECTION 11. Tennessee Code Annotated, Section 68-11-830(d)(2)(B) and 68-11-830(d)(10) are amended by deleting the language "July 15, 2005" in both subsections and substituting instead the language "July 15, 2007" in both subsections.

SECTION 12. (a) Tennessee Code Annotated, Section 67-5-212(b)(3), is amended by deleting the sentence which reads as follows:

Where a religious institution acquires property previously approved for a religious use exemption or property to replace its own property previously approved for a religious use exemption, the effective date of exemption shall be one (1) year prior to the date of application, or the date the acquiring institution began to use the property for religious purposes, whichever is later.

and by substituting instead the following sentence:

If a religious institution acquires property previously approved for a religious use exemption or property to replace its own property previously approved for a religious use exemption, then the effective date of exemption shall be five (5) years prior to the date of application, or the date the acquiring institution began to use the property for religious purposes, whichever is later.

(b) Notwithstanding any provision of this act or any other law to the contrary, the provisions of this section shall take effect upon becoming a law, the public welfare requiring it, and shall apply to claims pending on or after such effective date.

SECTION 13. (a) Tennessee Code Annotated, Section 67-5-226, is amended by adding the following language as a new, appropriately designated subsection:

(b) Notwithstanding any provision of this act or any other law to the contrary, the provisions of this section shall take effect upon becoming law, the public welfare requiring it, and shall apply to claims pending or under appeal on or after such effective date.

(c) Notwithstanding the provisions of § 67-5-212 or any other law to the contrary, real property and tangible personal property, owned or possessed by an organization and used exclusively by that organization for an educational museum, shall have a one hundred percent (100%) exemption from property taxation if:

(1) The educational museum is located upon land owned by state, county or municipal government or an agency or entity thereof, including any municipal or regional airport authority;

(2) The educational museum exhibits historic artifacts and other items of historical significance and instruction;

(3) The educational museum is designated, by Tennessee law, as an official state repository and archive;

(4) The organization is exempt from payment of federal income taxes pursuant to § 501(c)(3) of the Internal Revenue Code;

(5) The organization's board members receive no compensation for serving on the board; and


(6) The organization's employees and volunteers actually manage and perform the daily operations and programs of the educational museum;

Any organization claiming exemption under this subsection shall file an application for exemption with the State Board of Equalization on the same form and in the same manner as prescribed in § 67-5-212(b).

SECTION 14. Section 1 through 9 of this act shall take effect August 1, 2005, the public welfare requiring it. All other sections of this act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: May 27, 2005

  
JOHN S. WILDER  
SPEAKER OF THE SENATE

  
JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 22<sup>nd</sup> day of June 2005

  
PHIL BREDESEN, GOVERNOR